

Message Text

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44

ACTION EA-14

INFO OCT-01 RSC-01 RSR-01 SS-15 FILE-01 SSO-00 CCO-00

ADP-00 AGR-20 DOTE-00 INT-08 AID-20 EB-11 NSC-10

CIEP-02 TRSE-00 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

SCI-06 CEQ-02 EPA-04 SCEM-02 PRS-01 PA-03 USIA-15

AEC-11 IO-13 FPC-01 NEA-10 EUR-25 NSCE-00 AECE-00

DODE-00 /246 W

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P 191708Z JUL 73 ZFF4

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC PRIORITY 8987

UNCLAS SECTION 1 OF 2 SEOUL 4703

SECTO 38

E.O. 11652: N/A

TAGS: OVIP ECON JA

SUBJECT: ECONCOM IX-AGENDA ITEM V-ENERGY MATTERS

THE TEXT OF SECRETARY ROGERS' STATEMENT
ON INTERNATIONAL COOPERATION ON ENERGY UNDER ITEM
V ON THE AGENDA (PLENARY SESSION - AFTERNOON OF
JULY 16) FOLLOWS:

REMARKS BY SECRETARY ROGERS

AGENDA ITEM V: ENERGY MATTERS

THIS MORNING I SET FORTH SOME AREAS IN WHICH THE UNITED
STATES HOPES TO DEVELOP A COOPERATIVE APPROACH WITH JAPAN FOR
DEALING WITH OUR COMMON ENERGY NEEDS. I ALSO NOTED OUR UNDER-
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STANDING OF THE SPECIAL CONCERNS WHICH GROW OUT OF JAPAN'S NEAR

TOTAL DEPENDENCE ON IMPORTED ENERGY SOURCES.

NOW, I WOULD LIKE TO FIRST VERY BRIEFLY REVIEW THE ELEMENTS
WE FEEL SHOULD BE INCLUDED IN SOUND INTERNATIONAL ENERGY POLICY,

--FIRST, COOPERATION BETWEEN ENERGY PRODUCING AND ENERGY
CONSUMING COUNTRIES. PRICE AND SUPPLY IS ONE AREA WHERE WE SEEK
SUCH COOPERATION. WE WILL ALSO FACE A SERIOUS CHALLENGE IN FINDING
WAYS FOR THE PRODUCING COUNTRIES TO CONVERT THEIR OIL INTO LONG TERM
ASSETS DURING THE COMPATIVELY SHORT TIME PETROLEUM WILL ENJOY
VERY FAVORABLE MARKET CONDITIONS. WE CALCULATE THAT THE OPEC
COUNTRIES' ANNUAL REVENUES WILL REACH \$80 BILLION BY 1980. PRO-
DUCTIVE AND PROFITABLE INVESTMENT IN OUR ECONOMIES OF A
SUBSTANTIAL PORTION OF THIS INCOME COULD EASE THE BALANCE OF
PAYMENTS STRAINS WE WILL ALL BE FACING, AND AT THE SAME TIME
PROVIDE THE PRODUCERS WITH A VALUABLE HEDGE AGAINST THE DAY
WHEN OIL NO LONGER HOLDS SUCH A PRIVILEGED POSITION AS AN ENERGY
SOURCE. JUST AS IMPORTANTLY, SUCCESSFUL INVESTMENT FROM OIL
REVENUES WILL ENCOURAGE PRODUCERS TO UNDERTAKE THE EXPANSION
OF PRODUCTION NECESSARY TO AVOID A WORLD ENERGY SHORTAGE.

WE HOPE THAT JAPAN AND OTHER OECD NATIONS WILL JOIN US IN
WELCOMING OIL NATIONS INVESTMENT IN OUR RESPECTIVE COUNTRIES.

--SECOND, THE OIL CONSUMING NATIONS SHOULD FIND WAYS OF
LIMITING DESTRUCTIVE COMPETITION AS THEY SEEK SECURE ACCESS TO
OIL. SUCH COOPERATION SHOULD NOT APPEAR TO THE PRODUCING NATIONS
TO BE DIRECTED AGAINST THEIR INTERESTS. BUT CONSUMING NATIONS DO
NEED TO AVOID NEEDLESSLY BIDDING UP PRICES OR SEEKING TO WORK OUT
EXCLUSIVE SUPPLY ARRANGEMENTS. WE ARE CONVINCED THAT PRODUCERS
AND CONSUMERS ALIKE HAVE EVERY REASON TO WORK TOGETHER TO ACHIEVE
THE WELL BEING AND SECURITY EVERY NATION SEEKS.

--THIRD, AN EFFECTIVE CONTINUING MECHANISM AMONG OIL
PRODUCING NATIONS FOR THE EQUITABLE SHARING OF THE LOSS OF OIL
DURING PERIODS OF EMERGENCY. WE FAVOR AN EMERGENCY SCHEME
BASED UPON OIL IMPORTS CARRIED OVER INTERNATIONAL WATERS.

--FOURTH, MILTI-NATIONAL EFFORTS TO EXPAND OIL AND
GAS PRODUCTION IN THE SOVIET UNION AND ELSEWHERE. IF THE
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JAPANESE GOVERNMENT WISHES, WE WILL ENCOURAGE OUR FIRMS TO
CONSIDER JOINT VENTURES WITH JAPANESE COMPANIES, THOUGH FINAL
INVESTMENT DECISIONS WILL OF COURSE BE MADE BY THE INVESTORS.

--FIFTH, THE POOLING OF RESEARCH AND DEVELOPMENT
EFFORTS. HERE, AS ELSEWHERE IN A COMMON APPROACH TO ENERGY
MATTERS, THE OECD CAN PLAY A VERY USEFUL ROLE. IN THIS CASE,
BY COLLECTING CATALOGUING AND DISSEMINATING RESEARCH AND

DEVELOPMENT INFORMATION. AS I HAVE STATED, WE FEEL THAT A
BROAD BILATERAL RESEARCH AND DEVELOPMENT AGREEMENT OR OTHER
MEANS OF COOPERATION BETWEEN OURSELVES AND JAPAN WOULD ALSO
BE MOST USEFUL.
ROGERS

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INFO OCT-01 RSC-01 RSR-01 SS-15 FILE-01 SSO-00 CCO-00

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P 191708Z JUL 73 ZFF4

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC PRIORITY 8988

UNCLAS SECTION 2 OF 2 SEOUL 4703

SECTO 38

ALLOW ME TO SAY A BIT MORE ON OUR CONTINUING INTEREST
IN MAKING AVAILABLE TO JAPAN U.S. GASEOUS DIFFUSION TECHNOLOGY
FOR USE IN THE CONSTRUCTION OF A MULTI-NATIONAL URANIUM
ENRICHMENT PLANT. OUR OFFER OF THAT TECHNOLOGY UNDER
APPROPRIATE TERMS STILL STANDS.

PRESIDENT NIXON AND PRIME MINISTER TANAKA AGREED
LAST YEAR IN HAWAII ON THE NEED FOR FURTHER COOPERATION CONCERN-
ING THE DEVELOPMENT AND BETTER UTILIZATION OF ENERGY AND MINERAL
RESOURCES. AT THAT TIME, REPRESENTATIVES OF THE PRESIDENT
AND THE PRIME MINISTER AGREED FURTHER THAT WE SHOULD EXERT

OUR BEST EFFORTS TO ESTABLISH A JOINT US-JAPAN WORKING GROUP TO STUDY THE FEASIBILITY OF CONSTRUCTING A URANIUM ENRICHMENT PLANT TO BE BUILT IN THE UNITED STATES. A GOVERNMENT-INDUSTRY ORGANIZATION, THE ENRICHMENT SURVEY COMMITTEE, SUBSEQUENTLY WAS FORMED IN JAPAN, AND IT HAS HELD DISCUSSIONS WITH A US UNCLASSIFIED

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GOVERNMENT TEAM UNDER THE AUSPICES OF OUR ATOMIC ENERGY COMMISSION, AND WITH US INDUSTRIAL REPRESENTATIVES. THESE DISCUSSIONS HAVE BEEN FRUITFUL IN CLARIFYING PROBLEMS THAT BOTH SIDES HAVE IN CONSIDERING SUCH A VENTURE, AND SUBSTANTIAL PROGRESS HAS BEEN MADE IN NEGOTIATIONS LEADING TO A PRE-INVESTMENT STUDY TO BE PERFORMED BY A GROUP OF US COMPANIES.

OUR ESTIMATES OF THE NEED FOR ADDITIONAL ENRICHMENT CAPACITY HAVE BEEN SHARPENED IN RECENT MONTHS, AND THERE IS NO QUESTION IN OUR MINDS THAT A NEW PLANT MUST BE CONSTRUCTED BY 1983, FOLLOWED BY STILL OTHER LARGE PLANTS. IT IS THEREFORE INCUMBENT ON US BOTH TO EXPEDITE THE DECISION-MAKING AND THE COLLECTION OF CAPITAL TO INSURE THAT THE FIRST NEW PLANT IS READY WHEN NEEDED. AS YOU KNOW, MY GOVERNMENT'S POLICY IS THAT NEW ENRICHMENT CAPACITY BE PROVIDED BY THE PRIVATE SECTOR IN THE UNITED STATES, BUT THIS DOES NOT BY ITSELF BAR INVESTMENT BY OTHER COUNTRIES OR BY PRIVATE COMPANIES IN THOSE COUNTRIES. MY ASSOCIATES HERE AND I STAND READY TO ASSIST YOU IN YOUR DELIBERATIONS ON THIS SUBJECT.

OUR TWO COUNTRIES, WITH THEIR GREAT FINANCIAL AND POLITICAL INFLUENCE, BEAR CONSIDERABLE, IF NOT DECISIVE, RESPONSIBILITY FOR THE KIND OF WORLD ENERGY RELATIONSHIPS THAT WILL EMERGE. OUR ACTIONS WILL INFLUENCE WHETHER TOMORROW'S ENERGY WORLD IS ORDERLY AND SECURE OR ABRASIVE AND CHAOTIC###

THAT THIS MEETING WILL SET US FIRMLY ON THE FORMER PATH AND THAT WE WILL EMERGE WITH A STRENGTHENING OF OUR BILATERAL ENERGY RELATIONS, AND AN INCREASED RESOLVE TO WORK JOINTLY WITH OTHER CONSUMERS AND PRODUCERS TO FIND EFFECTIVE SOLUTIONS TO OUR ENERGY PROBLEMS. ROGERS

NOTE BY OCT: ### SEOUL 4703, SECTION 2 OF 2, OMISSION; CORRECTION TO FOLLOW.

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